relationship between national culture

by Rz Abdul Aziz

Relationship between National Culture, Organizational Culture, TQM Implementation and Performance in Indonesia

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Relationship between National Culture, Organizational Culture, TQM Implementation and Performance in Indonesia

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Abstract. Indonesian companies need to compete in the global marketplace. To facilitate this, they require a commitment to provide high quality products and services. A strategy that can be done is implementation of Total Quality Management (TQM). By applying TQM, they can achieve a high standard of quality products and services. Processes of TQM in many Indonesian companies are experiencing obstacles and failures. One of the factors which cause the failure of TQM implementation is limited research and literature on the implementation of TQM and the variables that influence on them in Indonesia. The literature review of total quality management (TQM) has shown that there are influences of national and organizational culture on the success or failure of the implementation of TQM. The influence of national and organizational culture need further research to determine the effect of these factors on the implementation of TQM and organizational performance in Indonesia. This paper aims to determine the relationship between national and organizational culture on the successful of TQM implementation and organizational performance in Indonesia companies. Instruments to measure these constructs are developed to investigate the relationship between them. This research will take several Indonesian companies as relevant samples, the respondents consist of senior executive, general manager, quality manager and managerial level. They answer a comprehensive questionnaire to identify the issues related to culture and TQM implementation in their company. The data are used to examine the relationship between the Hofstede national culture and Cameron's organizational culture. The second test is an organizational culture with ten TQM implementation elements and two elements of organizational performance. Finally, the influence of the TQM ten elements with organizational performance is reviewed. The result of this investigation suggests a relation between national culture to organizational culture and its influence on TQM implementation and organizational performance. Contribution of this paper for future research is a theory between national and organizational culture with the TQM implementation. It is useful for Indonesia companies in order to design a model for successful implementation of TQM.

Keywords: National culture, organizational culture, TQM implementation, organizational performance

1 Introduction

Quality of products and services are emerging as the critical factor for organizations to survive in competitive global market place. Total quality management has been the answer to this opportunity of global competition. Implementation of TQM will bring the companies to a world class service and manufacturing organizations, by providing the kind of quality products and services required on customer satisfaction.

In the late 1970s and early 1980s, American industries lost substantial market share in both US and world markets, which is caused by the competitiveness of a product that is not competitive. To regain the competitive edge, companies began to adopt and to learn literatures in the field Total Quality Management [9, 14]. That is productivity improvement programs which had proven themselves particularly successful in Japan. In last two decades, both the popular press and academic journals have published describing both successful and unsuccessful efforts at implementing TQM.

There is positive correlation of quality management practices with company performance, i.e. employee relations, operating procedures, customer satisfaction, and financial results [16]. A significant relationship factors such as executive commitment, employee empowerment and an open culture can produce competitive advantage more strongly than TQM tools and techniques such as process improvement, benchmarking, and information and analysis [21].

In Indonesia, Total Quality management issues were first recognized in 1983, the government initiated numerous efforts toward to improve their national productivity [3]. A quality concepts were introduced in a number of multi national companies, particularly, the Japanese-Indonesian joint venture companies, and a Japanese companies in Indonesia. Japanese-Indonesian joint venture companies are the pioneer company, which consciously sought to cultivate a quality culture in Indonesia. The quality activities such as QCC and other activities under TQM have been successfully implemented. Then other companies are also implementing TQM.

Although many Indonesia companies began to implement TQM, they still lacked effective in TQM systems and implementation at the companies level. After reviewed the literature related to Indonesia quality management, it became clear that there are a few research in critical factor for TQM implementation in Indonesia companies. Hence, the state of the art of TQM implementation in Indonesia companies remains unclear. Due to lack of empirical studies in the field of TQM, it is difficult for Indonesia companies to obtain sufficient information to support their TQM implementation practices. Furthermore, the knowledge of many managers about the variables which have effect of TQM implementation are not adequate. As a consequence, many Indonesia companies have experienced difficulties or failures in TQM implementation.

The national and organizational culture has a relationship between success and barrier in the implementation of TQM [19]. The clan and adhocracy cultures provide the best working environment for the successful implementation of TQM [2]. Organizational culture affects soft and hard TQM [24]. In Indonesian context previous researcher has proposed the obstacles to key issues of the quality management system are characterized as socio-cultural dynamic rather than technical-structural Indonesia [10]. Many companies fail to implement TQM because they do not recognize that the implementation of the procedure may be a fundamental change of direction, the values and culture of their company [7]. Therefore, culture adaption and appreciation of the cultural needs (change) to match the TQM approach is the key for successful implementation of TQM.

This study raises the awareness of problems in the implementation of TQM values that may be related to cultural factors in Indonesia companies. Very few article concerning implication national and organization culture impact to implementation of TQM. The aims are to investigate a relationship between national culture, organizational culture, TQM implementation and Organization performance. The result of this study could help managers to understand relationship between culture and TQM constructs for implementing TQM more effectively.

2 Review of Literature

2.1 National Culture

Geert Hofstede [12, 13] is recognized internationally for having developed the first empirical model of "Dimensions" of national culture, Hofstede's framework was based on the assumption that people around the globe are guide and driver by different attitude, beliefs, moral, custom and ethical standards. Societies have different traditions, religions and rituals and have different way of dealing with family issues, work matters, social occasions and their personal responsibilities. The values that distinguished countries from each other could be grouped statistically into four clusters (Power Distance, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty Avoidance). These four groups became the Hofstede dimension of national culture.

Geert Hofstede added a fifth Dimension after conducting an additional international study with a survey instrument developed with Chinese employees and managers. The fifth dimension, based on Confucian dynamism, is Long-Term Orientation (LTO), Therefore, Hofstede's fifth dimensions of culture applied in this study namely:

1. **Power Distance -** Power Distance (PD) expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. The fundamental issue here is how a society handles inequalities among people. People in societies exhibiting a large degree of power

distance accept a hierarchical order in which everybody has a place and which needs no further justification. In societies with low power distance, people strive to equalize the distribution of power and demand justification for inequalities of power.

2. **Collectivism -** Collectivism is the degree to which people act as group members. In Collectivism societies represents a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty.

3. **Uncertainty Avoidance -** The uncertainty avoidance the degree to which people feel uncomfortable with uncertainty and ambiguity. Societies that have High Uncertainty Avoidance are likely to have greater control in well-planned organization structures. Countries exhibiting strong UAI are likely to have greater control in well-planned organization structures and will have expertise and knowledge-driven organizations and seek to exercise control through well-planned processes. These societies are likely to maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas.

4. **Masculinity -** The masculinity side of this dimension represents a preference in society for achievement, heroism, assertiveness, material reward for success, and competition prevail. In Masculinity societies, management styles are assertive to provide a clear sense of direction and control of organizational members to attain goals and objectives.

5. **Long term Orientation -** The long-term orientation can be interpreted as dealing with society's search for virtue. In societies with a long-term orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt additions to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results.

2.2 Organizational Culture

Cameron and Quinn [6] have developed an organizational culture framework built on a theoretical model called the "Competing Values Framework". This framework refers to whether an organization has a predominant internal or external focus and whether it strives for flexibility and individuality or stability and control. The framework is also based on six organizational cultural dimensions and four dominant culture types (i.e. clan, adhocracy, market, hierarchy) as shown in figure 1.
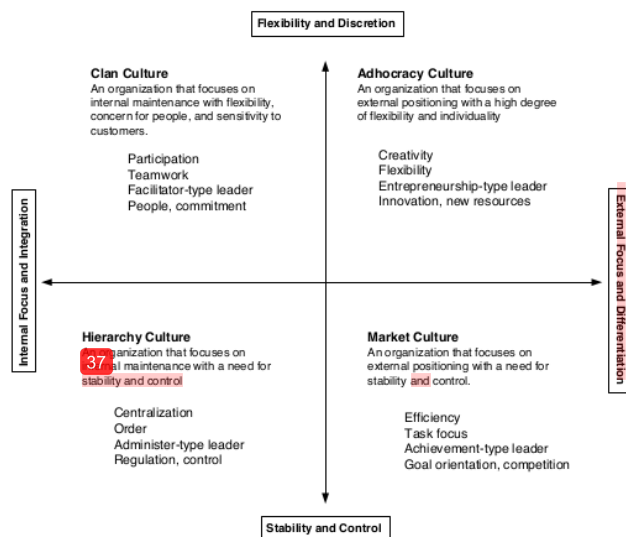
Fig. 1. The competing values framework of organizational culture [6]

In addition, Cameron and Quinn [7] generated an `Organizational Cultural Assessment Instrument (OCAI)' which is used to identify the organizational culture profile based on core values, assumptions, interpretations, and approaches that characterize organizations. In this respect the overall culture profile can be identified as:

1. **Clan** – the Organization such as have concentrates on internal maintenance with flexibility, concern for people, and sensitivity for those it serves. Clan culture values cohesiveness, participation and teamwork. They develop an environment stressing human relationships where managers empower their staff and facilitate them to participate and commit.

2. **Adhocracy** - The organizations that concentrates on external positioning with a high degree of flexibility, individuality and adaptive. They can use new resources to gain further profit. However they bear high risks and greater uncertainties. Success means gaining unique and new products or services, risk taking and anticipating the future.

3. **Hierarchy:** the organization has a clear organizational structure, standardized rules and procedures, strict control, and well defined responsibilities. Hierarchy culture stresses order and regulations. The leadership style is administrative. Tracking and control are emphasized relative to clearly stated goals.

4. **Market:** the organization that focuses on the transactions with the external environment the organization instead of on the internal management. Market-driven culture focuses on competitiveness and goal achievement to earn profits through market competition.

2.3 Culture and Total Quality Management

Understanding the culture of the dominant national culture and organization before the implementation of TQM is important. Changes in working environments produce different emphases within an organization, thus, new approaches to learning and adaptation are required. The cultural change can be initiated by top management [5]. Leaders must focus on what the objectives of the organization and implement appropriate strategies and in accordance with the subordinates to achieve the company's success.

Baldrige criteria are consistent with Hofstede's cultural dimensions [11]. In that paper, they examined the relationship between Baldrige constructs and national cultural dimensions. The results show that with the Baldrige constructs work success has higher levels of uncertainty avoidance, power distance, collectivism and masculinity.

A relationship between national culture and TQM implementation in Iranian is reported by Abbas Zrdani et al. [1]. They investigate Hofstedes dimension national culture to impact TQM implementation. Power distance, long-term orientation, and individualism are more critical elements that can impact the TQM implementation effort. Other previous researcher proposed the national and organizational culture has a relationship between success and barrier in the implementation of TQM. The clan and adhocracy cultures provide the best working environment for the successful implementation of TQM [2, 19].

3   Methodology

A survey instrument in this research is developed based on the previous research. The model is used to test the relationship between national and organization culture, TQM implementation and performance as shown in Figure 2. In this study, the national culture variables was based on the work of Wu Ming-Yi [25]; Irianto D [10]. Organizational Culture Assessment Instrument (OCAI), as developed by Cameron and Quinn [7] based on the Competing Values Framework, is used to measure organizational culture. While the Potential TQM implementation constructs were identified from the instruments of Saraph et al. [22], Das et al. [8], Zhang et al. [26] and Morrow PC [18]. The organization performance was based on the work of Salaheldin IS [20].

The instrument contained 121 items and was measured on five point of Likert scale. In the study participants are express their opinion their agreement or disagreement using a five-point Likert scale, namely: (1) Strongly Disagree, (2) Disagree, (3) undecided, (4) Agree, and (5) Strongly Agree.

M Miyagawa and K Yoshida [17] tested hypotheses by hierarchical regression analysis and indicated TQM practices in Japanese-owned manufacturing companies in China are positively and significantly related to the performance of organization. The score of each factor is used as explanatory variable in the

regression analysis. To clarify the relationship between national culture, organizational culture, TQM implementation and performance in Indonesia, the following four hypotheses are offered in this study as describe in Fig. 2:

H1. The extent of national culture is significantly effect to organizational culture. National culture represents five factors such as power distance (NC1), uncertainty avoidance (NC2), masculinity (NC3), collectivism (NC4) and long term orientation (NC5).

H2. The extent of organizational culture is significantly effect to total quality management (TQM). Organizational culture represents four factors such as clan culture (OC1), adhocracy culture (OC2), hierarchy culture (OC3), and market culture (OC4).

H3. The extent of organizational culture is significantly effect to organization performance. Organization performance represents two factors such as financial performance (OP1), and non-financial performance (OP2).

H4. The extent of TQM implementation is significantly effect to organization performance. Organization performance represents two factors such as financial performance (OP1), and non-financial performance (OP2). While TQM implementation represents ten factor such as Leadership (TQM1), Vision and Plan Statement (TQM2), Customer Focus (TQM3), Education and Training (TQM4), Benchmarking (TQM5), Teamwork (TQM6), Continuous improvement process (TQM7), Employee Involvement (TQM8), Supplier Quality Management (TQM9), Recognition and Reward (TQM10).
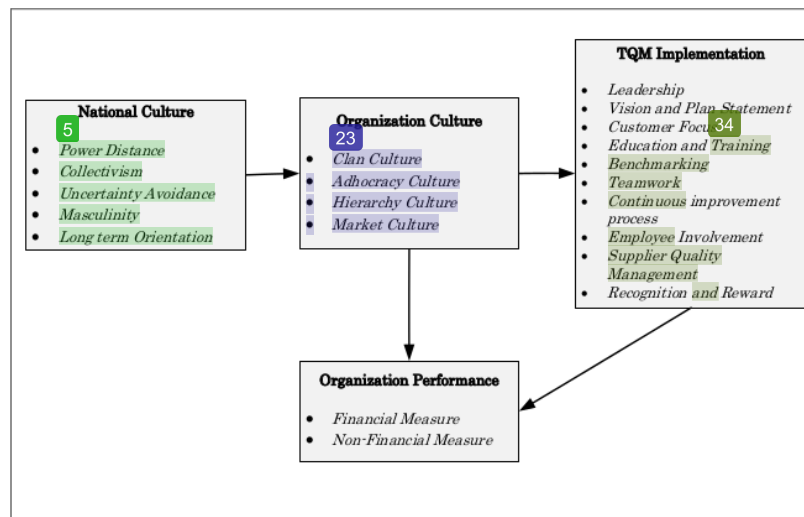

Fig. 2. Research model

3.1 Sample

This study is designed to use postal survey. Population of this study is companies in Lampung province in Indonesia that has implemented TQM, or at least part of TQM. Therefore they have some knowledge of the implementation of TQM. The survey was conducted in February and May 2013. The type of sample and the number of company is determined on the basis of information require in this study. Prior to distributing questionnaire, managers are interviewed by telephone. We visited each company periodically and checked the progress of each company.

The company information was obtained from the Lampung Provincial Statistics Bureau. In Lampung province, there are 743 large and medium companies. A sample of 150 companies was randomly selected from the database. We sent 300 questionnaires to senior executive, general manager, quality manager, managerial level and ordinary employees in these companies. A total of 136 questionnaires were eventually returned. As a whole, the response rate was 45.333 percent. After analyzed the data, it was found that the data can be further processed are in total 129 questionnaires. Type of respondent companies, the job position and number of employee respondent companies are shown in table 1, table 2, and table 3, respectively.

Table 1. Industrial type of respondent companies

Industrial Type	Frequency	Percentage (%)
Food Industry	44	34.11
Chemical and Petrochemical	7	5.43
Agribusiness Industry	4	3.10
Media Industry	18	13.95
Electrical and Electronic Industry	5	3.88
Building and Civil Construction	20	15.50
Trading Industry	11	8.53
Others	20	15.50

Table 2. Respondents' job position

Job position	Frequency	Percentage (%)
CEO/GM/Director	6	4.65
Engineering Department Manager	3	2.33
Production Manager	8	6.20
HRD Manager	10	7.75
Supervisor	59	45.74
Branch Manager	16	12.40
Head of Division	8	6.20
Marketing Manager	1	0.78
Others	18	13.95

Table 3. Number of employee respondent companies

Employee	Frequency	Percentage (%)
Less than 50	35	27.13
50 -100	38	29.46
101 - 500	30	23.26
Greater than 500	26	20.16

3.2 Data Analysis Methods

Factor-analysis using SPSS 21 was conducted by analyzing the data collected. As 21 reliable and valid factors are identified, multiple regression analysis was conducted in order to explore the relationship between national culture, organization culture, implementation TQM and organizational performance. Generally a relationship analysis is based on correlation coefficients, however in this study, t-value with two-tailed tests were used for testing hypotheses along the line of earlier similar research [17, 23].

3.3 Validity and Reliability

The reliability tests by Cronbach's alpha test were conducted to establish constructs the reliability of this research, with the result shown in Table 4. The alphas coefficients range from minimum of 0.714 to maximum of 0.936, which indicates that the scales are reliable. The validity test by factor-analysis and the result listed in Table 4 show that all items in 21 constructs formed in a single factor with eigenvalue greater than one. The item 4 for the construct power distance has factor loading of less than 0.50 while in this study, a factor loading less than 0.50 as cut-off point, hence it is deleted. All factor loading in table 4 shows that all constructs have good constructs validity.

3.4 Result

Table 5 presents the multiple regression analysis using five factor of national culture as independent variables and four factor of organizational culture as dependent variables. The interpretation of Table 5 can be explained as follows:

H1 was accepted. National culture is significantly effect to organizational culture as follows:
- Two factor of national culture (uncertainty avoidance and long term orientation) have positive and significant effect to clan culture.
- Three factor of national culture have significantly effect to adhocracy culture. Uncertainty avoidance and long term orientation have positive and significant effect to adhocracy culture, except masculinity has negative and significant effect.
- Three factor of national culture have significantly effect to hierarchy culture. Uncertainty avoidance and long term orientation have positive and significant effect to hierarchy culture, except collectivism has negative and significant effect.
- Two factor of national culture (uncertainty avoidance and long term orientation) have positive and significant effect to market culture.

Table 6 presents the multiple regression analysis using four factor of organization culture as independent variables, TQM construct and two factor of organizational performance as dependent variables. The interpretation of Table 6 can be explained as follows:

H2 was accepted. Organizational culture is significantly effect to TQM. Clan culture and adhocracy culture have positive and significant effect to TQM.

H3 was accepted. Only one factor of organizational culture (market culture) has positive and significant effect to non-financial performance.

Table 7 shows the multiple regression analysis using ten factor of TQM construct as independent variables and two factor of organizational performance as dependent variables. The interpretation of Table 7 can be explained as follows:

H4 was accepted. TQM implementation is significantly effect to organization performance. Five constructs of TQM implementation (leadership, education and training, teamwork, supplier quality management, and recognition and reward) have positive and significant effect to financial performance, except one construct (benchmarking) has negative and significant effect. Result for non-financial performance, five constructs of TQM implementation (leadership, teamwork, continuous improvement process, supplier quality management, and recognition and reward) have positive and significant effect, except two constructs (benchmarking and vision and plan) have negative and significant effect.

Table 4. Item to reliability and construct validity test

Category factors	Cronbach's alpha	Number of Factor	Eigenvalues	Item 1	Item 2	Item 3	Item 4	Item 5	Item 6	Item 7	Item 8	Item 9	Item 10	Percentage of variance
National Culture														
1. Power Distance (PD)	0.760	1	2.728	0.834	0.853	0.831	0.420	0.661						54.552
PD (After delete item 4)	0.813	1	2.609	0.846	0.865	0.858		0.639						65.227
2. U-Avoidance	0.814	1	2.913	0.775	0.779	0.702	0.819	0.737						58.263
3. Masculinity	0.931	1	3.929	0.905	0.925	0.867	0.846	0.888						78.587
4. Collectivism	0.857	1	2.850	0.896	0.882	0.761	0.831							71.248
5. Long term Orientation	0.714	1	1.920	0.745	0.868	0.782								63.998
Organization Culture														
1. Clan	0.850	1	3.474	0.735	0.769	0.829	0.813	0.721	0.688					57.897
2. Adhocracy	0.796	1	3.003	0.763	0.666	0.674	0.737	0.665	0.734					50.055
3. Hierarchy	0.797	1	3.064	0.677	0.790	0.759	0.506	0.736	0.780					51.059
4. Market	0.830	1	3.283	0.775	0.751	0.676	0.752	0.713	0.766					54.717
TQM constructs														
1. Leadership	0.903	1	4.803	0.696	0.807	0.805	0.822	0.784	0.787	0.682	0.804			60.037
2. Vision and Plan Statement	0.932	1	5.547	0.819	0.837	0.840	0.805	0.875	0.875	0.842	0.762			69.338
3. Customer Focus	0.859	1	3.553	0.745	0.745	0.799	0.808	0.731	0.786					59.216
4. Education and Training	0.930	1	4.453	0.836	0.864	0.869	0.893	0.921	0.779					74.209
5. Benchmarking	0.905	1	3.722	0.875	0.857	0.876	0.835	0.871						74.442
6. Teamwork	0.921	1	3.809	0.896	0.897	0.913	0.795	0.859						76.184
7. Continuous improvement process	0.906	1	3.133	0.842	0.927	0.885	0.884							78.328
8. Employee Involvement	0.925	1	3.852	0.866	0.904	0.897	0.919	0.798						77.048
9. Supplier Quality Management	0.850	1	3.302	0.792	0.884	0.884	0.894	0.560						66.035
10. Recognition and Reward	0.891	1	3.625	0.887	0.887	0.742	0.869	0.864						72.507
Performance														
1. Financial Performance	0.927	1	3.289	0.859	0.927	0.924	0.916	0.854						82.223
2. Non-Financial Performance	0.936	1	5.128	0.847	0.808	0.848	0.845	0.854	0.904	0.882				73.252
TQM[*]	-	1	6.482	0.855	0.786	0.669	0.845	0.780	0.782	0.848	0.901	0.732	0.828	64.820

Notes: An eigenvalue greater than 1 was used as criterion for factor extraction; * Factor analysis for TQM Construct

Table 5.   Regression analysis between national culture and organizational culture

Predictors (National Culture)	Organizational Culture											
	Clan $R = 0.617$ $R^2 = 0.381$ F-value = 15.158 Significance = 0.000			Adhocracy $R = 0.631$ $R^2 = 0.399$ F-value = 16.304 Significance = 0.000			Hierarchy $R = 0.563$ $R^2 = 0.317$ F-value = 11.427 Significance = 0.000			Market $R = 0.596$ $R^2 = 0.355$ F-value = 13.550 Significance = 0.000		
	β	t-value	Significance	β	t-value	Significance	β	t-value	Significance	β	t-value	Significance
Power	-0.117	-1.572	0.119	-0.114	-1.554	0.123	-0.130	-1.654	0.101	-0.088	-1.157	0.250
U-Avoidance	0.389	5.319	0.000**	0.273	3.785	0.000**	0.299	3.891	0.000**	0.285	3.820	0.000**
Masculinity	-0.056	-0.703	0.484	-0.132	-1.665	0.099*	-0.051	-0.609	0.544	-0.113	-1.377	0.171
Collectivism	-0.117	-1.338	0.183	0.034	0.399	0.691	-0.189	-2.049	0.043*	-0.025	-0.281	0.779
Long term Orientation	0.462	5.710	0.000**	0.487	6.109	0.000**	0.474	5.577	0.000**	0.475	5.747	0.000**

Note: * t $\geq$ t$_{(0.05)}$ = 1.657; ** t $\geq$ t$_{(0.01)}$ = 2.356

Table 6. Regression analysis between organizational culture, TQM, and organizational performance

Predictors (Organizational Culture)	TQM			Performance					
				Financial			Non-Financial		
	$R = 0.781$ $R^2 = 0.610$ F-value = 48.470 Significance = 0.000			$R = 0.533$ $R^2 = 0.284$ F-value = 12.296 Significance = 0.000			$R = 0.628$ $R^2 = 0.394$ F-value = 20.170 Significance = 0.000		
	β	t-value	Significance	β	t-value	Significance	β	t-value	Significance
Clan	0.282	2.686	0.008**	0.188	1.321	0.189	0.169	1.290	0.199
Adhocracy	0.379	2.735	0.007**	0.073	0.390	0.697	0.106	0.613	0.541
Hierarchy	0.044	0.374	0.709	0.074	0.466	0.642	-0.028	-0.192	0.848
Market	0.122	0.928	0.355	0.234	1.311	0.192	0.411	2.498	0.014**

Note: * t $\geq$ t$_{(0.05)}$ = 1.657; ** t $\geq$ t$_{(0.01)}$ = 2.356

Table 7. Regression analysis between TQM constructs and organizational performance

Predictors (TQM Constructs)	Performance					
	Financial			Non-Financial		
	$R = 0.876$ $R^2 = 0.768$ F-value = 39.062 Significance = 0.000			$R = 0.902$ $R^2 = 0.813$ F-value = 51.282 Significance = 0.000		
	β	t-value	Significance	β	t-value	Significance
Leadership	0.196	2.143	0.034*	0.310	3.769	0.000**
Vision and plan statement	0.130	1.513	0.133	-0.150	-1.952	0.053*
Customer focus	-0.025	-0.361	0.719	-0.072	-1.134	0.259
Education and training	0.271	2.842	0.005**	0.122	1.429	0.156
Benchmarking	-0.565	-5.277	0.000**	-0.432	-4.496	0.000**
Teamwork	0.253	3.396	0.001**	0.396	5.909	0.000**
Continuous improvement process	0.086	1.010	0.314	0.224	2.921	0.004**
Employee involvement	-0.040	-0.394	0.694	-0.014	-0.152	0.880
Supplier quality management	0.258	3.713	0.000**	0.147	2.357	0.020**
Recognition and reward	0.337	4.268	0.000**	0.413	5.817	0.000**

Note: * t $>$ t$_{(0.05)}$ = 1.657; ** t $>$ t$_{(0.01)}$ = 2.356

4 Discussions

This study observed that national culture affects the organizational culture. Results show that uncertainty avoidance and long-term orientation have positive and significant effect on the organization culture, while collectivism and masculinity have negative and significant effect. As for the power distance does not significantly influence the organizational culture. This suggests that the influence of national culture play an important role in the formation of the organization culture, that in line with previous research [19].

The relationship between organizational cultures on TQM indicates positive and significant effect. Organizational culture has a very important role in the implementation of TQM. Clan and adhocracy culture are positive and significant on TQM, that in line with previous research. The clan and adhocracy cultures provide the best working environment for the successful implementation of TQM [2]. Organizational culture affects soft and hard TQM [24]. The successful TQM implementation is determined by knowledge of their organizational culture before TQM is implemented. Thus understanding the culture and cultural transformation become an urgent problem.

Implementation of TQM has significant effect on organizational performance. This result is consistent with previous studies [20, 23]. Leadership has a correlation to the financial performance and non-financial performance. Leadership is the most important factor in an organization, leaders act have affect to the motion of an organization and play an important role in achieving the goals. Education and training increase employee skills and provide assurance to the achievement of organizational goals. Teamwork is very important to manage change and to implement a plan, to solve problems, and to create a sense of empathy and engagement. Teamwork can improve the quality of products and services as well as lower rates of failure and defective products. It is one of the keys to successful implementation of TQM in Japan. Continuous improvement is a program that is required by the company in improving performance. This program can reduce the failure rate, improves the innovation process, and creates an efficiently process. Supplier quality management is important to increase product quality. A continuous supply of raw materials with the required quality is essential in all stages of manufacturing. Poor quality of suppliers' products results in extra costs for the purchaser and reduces the quality image of the ultimate products. Extensive, long-term relationship with the suppliers' inspection helps minimize the cost of the raw materials [15]. Recognition and rewards for improved performance by any individual, section, team, department or division within the company, and effectively stimulate employee commitment to quality improvement. Companies must develop a formal compensation system to encourage, evaluate, reward and recognize the individual or team effort for quality enhancement and improved customer satisfaction [4].

In this study (benchmarking and vision and plan statement) have negative and significant effect to organizational performance. Previous research benchmark has positive and significant effect [23]. The companies can make benchmark as one way to improve product quality, reduce production cost and increase sales. Vision and plan statements provide a clear plan which gives an overview for a company to achieve their goals. Vision provides direction and way to transformation. It encourages companies for the future and increases on organizational performance. Other than, employee involvement has not significant effect to organizational performance. Companies in Lampung have not been thoroughly engaging employees in continuous improvement, the company only view employees as one of the company's resources.

5 Conclusions

In summary, relationship between national culture, organization culture, implementation of TQM and organization performance in a number of companies in the province Lampung Indonesia produce theory and practical findings which is important for managers in Indonesia. Based on the first hypothesis, national culture has influence to organizational culture. The second and third hypothesis, organizational culture such as clan, adhocracy, and market has a different impact with TQM and organizational performance. Prior to the implementation of TQM, managers must have knowledge of national and organizational culture which is dominant in their company. So the application of TQM can be done better and more effectively. TQM implementation requires changes in assumptions, the terms of reference, and

understanding that most organizations have developed through interaction with their environment. Differences in the cultural context of each company will lead to acceptance or rejection in the implementation of TQM. Managers must seriously evaluate the values of this culture to develop practical plans and steps of the implementation of TQM. It is necessary to create an environment and culture that supports the successful implementation of TQM.

The last hypothesis, TQM constructs have a positive role in improving organizational performance. Implementation of TQM requires leadership, education and training, teamwork, continuous improvement process, supplier quality management, and recognition and rewards which play an important role in improving organizational performance. Knowledge of TQM constructs this will provide insight for managers to be able to evaluate and to make plan for the performance improvement.

The results of this study are consistent with previous assumption that national culture influence of organizational culture. While organizational culture has an effect on TQM and organizational performance. Finally, TQM constructs have a positive influence on organization performance.

6 Limitations and Future Research

In this study there are some limitations, first, the sample size of this survey is relatively small and only covering Lampung Province in Indonesia. For future research, larger sample sizes are required and not only in Lampung Province. Second, organization performance measures in this study do not rely on objective evaluations like financial statements but on subjective evaluations.

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